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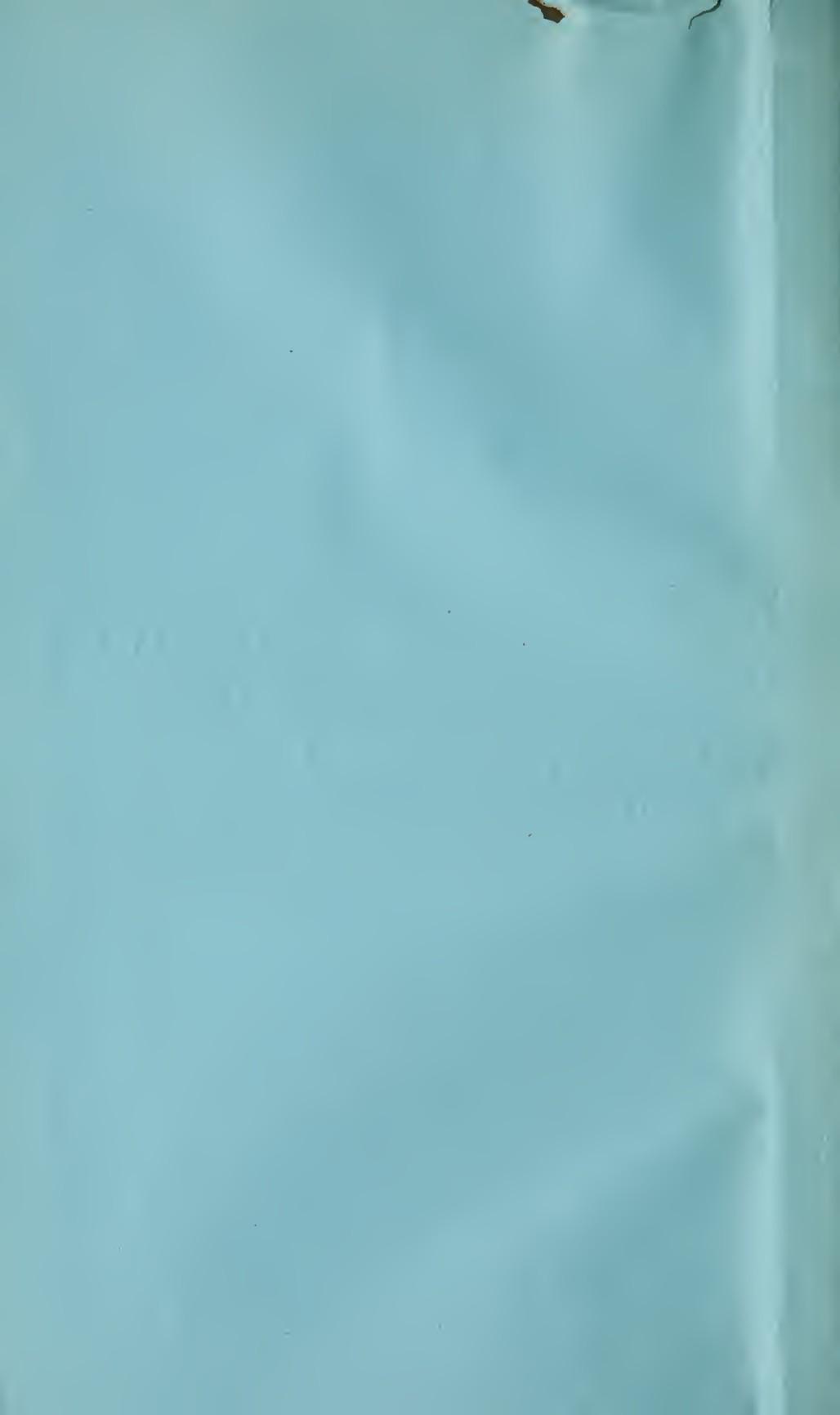
FINANCIAL RESULT OF THE
PURCHASE AND WORKING
OF THE HUNGARIAN STATE
RAILWAYS.



FOREIGN OFFICE,

September, 1899.

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No. 515 Miscellaneous Series.

DIPLOMATIC AND CONSULAR REPORTS.

AUSTRIA-HUNGARY.



REPORT ON THE

FINANCIAL RESULT OF THE PURCHASE AND WORKING OF THE HUNGARIAN STATE RAILWAYS.

REFERENCE TO PREVIOUS REPORT, Miscellaneous Series No. 513.

*Presented to both Houses of Parliament by Command of Her Majesty,
SEPTEMBER, 1899.*

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Reference to previous Report, *Miscellaneous Series No. 513.*

*Report on the Financial Result of the Purchase and Working of the
Hungarian State Railways*

By MR. ACTING CONSUL-GENERAL BRÜLL.

(Received at Foreign Office, September 18, 1899.)

In consequence of the transfer to the Government of private railways, the Royal Hungarian Treasury incurred the following liabilities:—

In 1876, through the transfer of the Hungarian Eastern Railway, 607 kiloms. in length, 44,921,700 fl. (Austrian value) principal debt, and 2,246,085 fl. yearly interest liability; further, 39,988,700 gold gulden principal debt, and 1,999,435 gold gulden interest liability.

In 1879, through the transfer of the Waag Valley Railway, 141 kiloms. in length, 6,988,000 fl. principal debt, and 419,280 fl. yearly interest liability.

In 1880, through the transfer of the Theiss Railway, 586 kiloms. in length, 54,597,100 fl. principal debt, and 2,729,856 fl. yearly interest liability.

In 1880, through the transfer of the Agram-Carlstadt Railway, 49 kiloms. in length, a yearly payment running over 88 years of 240,000 gold gulden.

In 1884, through the transfer of the First Transylvanian Railway, 211 kiloms. in length, 34,622,000 fl. principal debt, and 1,731,100 fl. yearly interest liability; further, 3,792,200 gold gulden principal debt, and 189,610 gold gulden interest liability.

In 1884, through the transfer of the Danube-Drau Railway, 166 kiloms. in length, 11,510,000 fl. principal debt, and 575,500 fl. yearly interest liability; further, 157,800 gold gulden principal debt, and 7,890 gold gulden yearly interest liability.

In 1884, through the transfer of the Alföld-Fiumauer Railway, 393 kiloms. in length, 38,428,600 fl. principal debt, and 1,921,430 fl. yearly interest liability; further, 1,059,200 gold gulden principal debt, and 52,960 gold gulden yearly interest liability.

In 1889, through the transfer of the Hungarian line of the First Hungarian Galician Railway, 120 kiloms. in length, 17,161,900 fl. principal debt, and 858,095 fl. yearly interest liability; further, 3,465,100 gold gulden principal debt, and 157,871 gold gulden yearly interest liability.

In 1889, through the transfer of the Hungarian line of the

(485)

Eastern Railway, 304 kiloms., 31,517,200 fl. principal debt, and 1,575,860 fl. yearly interest liability; further, 493,500 gold gulden principal debt, and 24,675 gold gulden yearly interest liability.

In 1889, through the transfer of the Budapest-Fünfkirchner Railway, 262 kiloms., 17,249,800 fl. principal debt, and 768,492 fl. yearly interest liability.

In 1890, through the transfer of the Hungarian North-Eastern Railway, 580 kiloms. in length, 43,406,300 fl. principal debt, and 2,170,315 fl. yearly interest liability; further, 24,197,100 gold gulden principal debt, and 1,179,351 gold gulden yearly interest liability.

In 1891, through the transfer of the Hungarian line of the privileged Austro-Hungarian State Railway Company, a yearly payment running over 75 years of 9,598,590 fl.

In 1891, through the transfer of the Arad-Temesvár Railway, 55 kiloms., a yearly payment running over 67 years of 288,745 fl.

Hence the Treasury undertook for the lines transferred during the above-mentioned years (in length 5,079 kiloms.) successively 300,402,600 fl. principal debt, 14,996,013 fl. yearly interest liability, 73,153,600 gold gulden principal debt, 3,611,792 gold gulden interest liability; further yearly payments of 240,000, 9,598,500, and 288,745 gold gulden running over 88, 75, and 67 years respectively.

One portion of these liabilities was converted in 1888, the other in 1892.

On the occasion of the conversion which took place in 1888 the Government—by payment of 110,448,100 fl. capital, and 5,522,405 fl. yearly interest; further, 34,835,800 gold gulden capital, and 1,741,790 gold gulden yearly interest liability—took over the sum of 118,357,000 fl. principal debt, and 5,226,065 fl. yearly interest liability; further, 36,396,400 gold gulden, principal debt, and 1,637,838 gold gulden yearly interest liability.

At the conversion which took place in 1892, the Government—by payment of 122,948,260 fl. principal debt, and 6,147,401 fl. yearly interest liability; further, 16,704,400 gold gulden principal debt, and 844,970 gold gulden yearly interest liability—took over the sum of 134,609,700 fl. principal debt, and 5,384,388 fl. yearly interest liability; further, 17,892,000 gold gulden principal debt, and 715,680 gold gulden yearly interest liability.

Together with the liabilities not affected by the conversion, in amount, 36,216,200 fl. principal debt, 1,716,810 fl. yearly interest liability, with 21,359,100 gold gulden principal debt, and 1,011,105 gold gulden yearly interest liability, the liabilities of the Treasury, including those resulting from the purchase of railways which has taken place after the conversion, amounted to 289,182,900 fl. principal debt, and 12,327,263 fl. yearly interest liability; further, 75,647,500 gold gulden principal debt, and 3,364,623 gold gulden yearly interest liability, and lastly, the yearly discharging payments of 240,000, 9,598,500, 288,745 gold gulden running respectively for 88, 75, and 67 years.

It must be observed here, for the completion of the above statement, that in the space of time between the transfer and conversion, 30,790,100 and 254,400 gold gulden principal debt were repaid.

It is further to be observed, that the larger number of transferred railways, as the Eastern, First Transylvanian, Danube-Dran, Alföld-Finnauer, First Hungarian-Galician, Hungarian Western, Hungarian North-Eastern, and Arad-Temesvár railways had enjoyed a guarantee of interest on the part of the Government, which considerably burdened the budget each year.

At the time of the transfer the above-mentioned railways owed the Treasury the sums of 161,233,136 fl. (Austrian value), and 6,007,434 gold gulden for advances of this interest guarantee : and these sums were at the time of transfer written off.

As the management of the transferred railways has been united with that of the original network of the Royal Hungarian State Railway, and also with that of the new lines built meanwhile, and as no separate account of the receipts and expenditure of the transferred lines has been kept, the financial results connected with the transfer cannot be accurately demonstrated.

For the sake of clearness, the amounts of receipts and expenditure of the Royal Hungarian State Railway from the beginning of the transfer are set down below.

In the following statement the length of the local railways built since the beginning of the year 1884, and worked by the Royal Hungarian State Railway, and the charges made for management and working (which form the receipts of the Royal Hungarian State Railway) are not included :—

Year.	Length of Line. Kilometers.	Austrian Value.	
		Receipts. Gulden.	Expenditure. Gulden.
1880	2,645	11,098,440	8,904,370
1881	2,645	18,562,350	11,736,690
1882	2,966	20,341,530	12,978,800
1883	3,058	22,926,490	13,715,460
1884	3,819	27,153,240	18,260,500
1885	4,226	33,667,250	22,519,230
1886	4,339	34,041,050	19,825,870
1887	4,352	35,180,230	19,744,600
1888	4,329	39,486,330	21,130,910
1889	5,132	42,738,680	22,851,790
1890	5,853	46,634,460	24,135,060
1891	7,519	51,080,980	29,273,640
1892	7,514	71,822,780	39,331,480
1893	7,570	79,056,200	43,686,900
1894	7,648	82,777,300	45,505,900
1895	7,662	86,576,200	52,757,800
1896	7,664	91,448,400	55,506,500
1897	7,780	90,398,800	54,520,800
1898	7,787	94,527,550	55,712,060

AUSTRIA-HUNGARY.

Method of Organisation and Administration of the Hungarian State Railways.

The management, control, and superintendence of the Hungarian State Railways are in the hands of the Hungarian Ministry of Commerce, but the lines are really administered by a board of directors sitting at Budapest, whose powers and attributes are regulated by a special ministerial decree.

At the head of the board is the president, and the board is divided into six sections, which deal with:—

- (1) General administration.
- (2) Working of the lines.
- (3) Financial matters.
- (4) Commercial working.
- (5) Construction.
- (6) Rolling stock.

Each section is presided over by a responsible director, who decides independently of the other directors the matters coming within his province.

These six principal sections are again divided into divisions and sub-divisions.

Matters, the decision of which does not lie exclusively with the Minister, are usually disposed of by meetings of the board held regularly twice a-month, or more often if necessary.

At these meetings there are present the directors of the different sections, and the delegate of the Ministry of Commerce and of the Ministry of Finance, and they are presided over by the president-director of the State Railways. Resolutions are adopted by the majority of votes. In the event of the votes for and against the resolutions being equal the president-director has a casting vote.

The working of the whole system is confided to nine officials, who are directly under the orders of the board of directors, and who have again under their orders a staff for the traffic generally.

All the workshops of the system are directly under the board of directors.

The duty of working the lines is distributed amongst four sections:—

- (1) The general administration.
- (2) The construction and keeping up of the lines.
- (3) The commercial management.
- (4) The traffic management.

There is a special division for the accounts and the cashier's department.

The powers and attributes of the various sections are clearly defined by a special and detailed ordinance.

The workshops, station depôts for locomotives, and economic department are controlled by the regulations of the management.

The staff and the expenses of working the lines and keeping them up are provided for in the Budget of the Ministry of

Commerce, and consequently obtain the sanction of the Legislature.

Local lines and lines belonging to private companies, but worked by the administration of the State Railways, are incorporated in the State system, and administered as if they belonged to the State.

The expenses of administration and the statement of receipts are prepared in conjunction with each railway, in accordance with special agreements. In conformity with the majority of these agreements the State retains for the expenses of administration 50 per cent. of the receipts of the railway under its management.



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